

Message Text

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DRAFTED BY AIR FORCE:RUSSELL;EUR:REHFELD

APPROVED BY EUR/RPM:GBHELMAN

ASD/COMPTROLLER:MR MCCLARY

OASD/I AND L:MR MYERS (MA)

OASD/ISA:LGEN FISH

ASD/LA:MR MAURY

OASD/PA AND E:MR CHRISTIE

OASD/PA:MR LEVINE

ODDR AND E:MR CLEMENTS

EUR/P:MR SEIDNER

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R 022305Z JAN 76

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TO USMISSION NATO

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E.O. 11652: N/A

TAGS: NATO, BEXP, AWACS

SUBJECT: REUTERS NEWS ITEM ON AWACS

REF: USNATO 6922

1. REFERENCED MESSAGE REQUESTED GUIDANCE ON HOW BEST TO RESPOND TO INQUIRIES RESULTING FROM REUTERS NEWS ITEM ON AWACS IN THE 17 DEC 75 EDITION OF LATEST NEWS -- A NATO PRESS CLIPPING SERVICE PUBLICATION.

2. SUMMARY: THE ARTICLE IS INACCURATE. SINCE THE INCEPTION OF THE USAF AWACS PROGRAM, THE DEPARTMENT OF DEFENSE

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HAS PLANNED FOR 34 AIRCRAFT. PART OF THIS PLANNED FORCE

INCLUDED DEPLOYMENT IN THE NATO EUROPEAN THEATER. DURING THE FY 77 DOD BUDGET DELIBERATIONS, THE DEPUTY SECRETARY OF DEFENSE REVIEWED SEVERAL AWACS PROGRAM ALTERNATIVES. AT THE COMPLETION OF THESE DELIBERATIONS, THE APPROVED USAF AWACS PROGRAM REMAINS SUBSTANTIALLY THE 34 AIRCRAFT PROGRAM WE HAVE BRIEFED TO NATO. APPARENTLY, REUTERS ANTICIPATED A FINAL BUDGET DECISION OTHER THAN THAT APPROVED. REGARDING THE REUTERS STATEMENT ABOUT THE IRANIAN AWACS PROGRAM, THE US GOVERNMENT IS CONSIDERING A LETTER OF OFFER TO IRAN BUT STAFFING HAS NOT BEEN COMPLETED AND A DECISION HAS NOT BEEN REACHED. IT WOULD BE PURE

SPECULATION TO COMMENT ON THE TOTAL PROGRAM UNIT COSTS OF AN IRANIAN AWACS AT THIS TIME.

3. THE FOLLOWING IS A SENTENCE BY SENTENCE CRITIQUE OF THE REUTERS ARTICLE, AND YOU ARE AUTHORIZED TO USE ANY PART OF THE CRITIQUE TO RESPOND TO INQUIRIES FROM OUR NATO ALLIES...

A. FIRST SENTENCE, REUTERS ARTICLE: QUOTE THE UNITED STATES HAS DECIDED TO MORE THAN HALVE ITS PURCHASE OF A CONTROVERSIAL RADAR SURVEILLANCE AIRCRAFT NOW THAT EUROPEAN GOVERNMENTS HAVE INDICATED THEY WILL BUY IT UNQUOTE.

DOD COMMENTS: DURING DELIBERATIONS RELATIVE TO THE FY 77 DOD BUDGET, THE DEP SEC DEF REVIEWED SEVERAL ALTERNATIVES ON MOST MAJOR DOD PROCUREMENT PROGRAMS. THE APPROVED USAF AWACS PROGRAM REMAINS SUBSTANTIALLY THE SAME PROGRAM WE HAVE APPRISED NATO OF -- A 31 AIRCRAFT PROCUREMENT PROGRAM (34 TOTAL, INCLUDING THE THREE DT AND E AIRCRAFT. APPARENTLY, REUTERS WAS ANTICIPATING A FINAL BUDGET DECISION THAT HAD NOT BEEN APPROVED.

B. SECOND SENTENCE, REUTERS ARTICLE: QUOTE THE US ORIGINALLY INTENDED TO BUY 34 OF THE BOEING AWACS PLANES FOR ITS OWN USE AT A COST OF 3.715 BILLION DOLLARS -- A FIGURE WHICH MIGHT BE THE PLANE'S MANUFACTURING ECONOMICALLY FEASIBLE UNQUOTE.

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DOD COMMENTS: IN ITS SELECTED ACQUISITION REPORT (SAR) AS OF 30 SEP 75 -- A REPORT SUBMITTED QUARTERLY TO THE CONGRESS -- THE AIR FORCE INDICATED ITS PLAN TO PRODUCE A TOTAL OF 34 AIRCRAFT FOR A TOTAL USAF PROGRAM COST (INCLUDING COSTS FOR RESEARCH, DEVELOPMENT, TEST, EVALUATION, AEROSPACE GROUND EQUIPMENT, TRAINING EQUIPMENT, FLIGHT SIMULATORS, INITIAL SPARES, TECHNICAL DATA, AND TECHNICAL

MANUALS) OF 3.7146 BILLION DOLLARS THROUGH FY 81. IT IS INAPPROPRIATE TO COMPARE USAF TOTAL PROGRAM UNIT COSTS (I.E., 109.3 MILLION DOLLARS PER USAF AWACS -- WIT; ESCALATION INCLUDED THROUGH FY 81 -- AS REFLECTED IN THE 30 SEP 75 SAR) WITH TOTAL PROGRAM COSTS FOR A NATO AWACS (60 MILLION DOLLARS PER AIRCRAFT)-- (ALLEGED BY OTHER RECENT NEWSPAPER ARTICLES) SINCE THE NATO AWACS PROGRAM COSTS ARE IN CONSTANT DEC 75 DOLLARS AND DO NOT INCLUDE R AND D COSTS EXPERIENCED BY THE U.S. FOR THE AIR FORCE AWACS. FURTHER, NATO AWACS COSTS WOULD BE BASED ON A DIFFERENT PRODUCTION RATE, A DIFFERENT INTERNAL CONFIGURATION, AND A DIFFERENT SUPPORT PACKAGE THAN THE USAF

AWACS PROGRAM. ON 10 DEC 75 THE JOINT CONFERENCE COMMITTEE (OF THE HOUSE AND SENATE APPROPRIATIONS COMMITTEES) RECOMMENDED THE APPROPRIATION OF FUNDS FOR: (1) THE PRODUCTION OF FOUR AWACS IN FY 76 (RATHER THAN SIX AS REQUESTED BY THE DOD); AND (2) LONG-LEAD FUNDS FOR SIX AWACS IN FY 77. THIS CONGRESSIONAL DECISION PERMITS THE ACQUISITION OF THIRTEEN USAF AWACS (I.E., THREE DT AND E AIRCRAFT, SIX PRODUCTION AIRCRAFT IN FY 75, AND FOUR PRODUCTION AIRCRAFT IN FY 76), LEAVING A BALANCE OF 21 AIRCRAFT FOR RESOLUTION DURING FUTURE DEFENSE AUTHORIZATION/APPROPRIATION CYCLES.

C. THIRD SENTENCE, REUTERS' ARTICLE: QUOTE BUT WITH THE AGREEMENT IN PRINCIPLE TO PURCHASE THE AIRCRAFT REACHED BY EUROPEAN DEFENSE MINISTERS LAST WEEK, SOURCES SAY THE US HAS NOW DECIDED TO BUY ONLY 15 PLANES UNQUOTE.

DOD COMMENTS: AS MENTIONED PREVIOUSLY, THE "SOURCES" UNCLASSIFIED

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WERE APPARENTLY ANTICIPATING THAT THE FINAL BUDGET DECISION WOULD BE AN ALTERNATIVE OTHER THAN THAT SELECTED -- PLANNING AND PROGRAMMING FOR THE PROCUREMENT OF 31 AWACS (34 TOTAL INCLUDING THE THREE DT AND E AIRCRAFT). ALTHOUGH THE DOD HAS CONCURRED WITH THE AIR FORCE'S PLAN TO PRODUCE A TOTAL OF 34 AWACS (INCLUDING THE THREE DT AND E AIRCRAFT) WE MUST VIEW THE ULTIMATE ACQUISITION WITH CAUTION SINCE FUNDS FOR THE BALANCE OF 21 AIRCRAFT REMAIN TO BE AUTHORIZED AND APPROPRIATED BY THE CONGRESS. THE ULTIMATE USAF AWACS FORCE STRUCTURE WILL BE REVIEWED ON AN ANNUAL BASIS BY THE DOD, THE CONGRESS, AND THE PRESIDENT. AWACS FUNDS FOR SPECIFIC YEARS WILL BE APPROVED DURING THE ANNUAL DEFENSE AUTHORIZATION/APPROPRIATION CYCLES. THERE IS LITTLE DOUBT THAT THE AWACS AIRCRAFT (OR AWACS FUNDS) WHICH THE US WOULD PROVIDE TO NATO AS THE US SHARE OF THE

NATO AWACS FORCE WOULD BE INCLUDED IN THE 34 AWACS.

D. FOURTH AND FIFTH SENTENCES, REUTERS' ARTICLE: QUOTE
THE GOVERNMENT SOURCES ALSO SAID THE DEFENSE DEPARTMENT IS
PREPARING A FORMAL OFFER TO IRAN OF 10 AWACS PLANES AT AN
ESTIMATED PRICE OF 1,800 MILLION DOLLARS. THIS WOULD
INCLUDE SPARES AND TRAINING UNQUOTE.

DOD COMMENTS: THE US GOVERNMENT IS CONSIDERING A LETTER
OF OFFER TO IRAN BUT STAFFING HAS NOT BEEN COMPLETED AND
A DECISION HAS NOT BEEN REACHED. IT WOULD BE PURE SPECU-
LATION FOR ANY SOURCE TO COMMENT ON THE TOTAL PROGRAM UNIT
COSTS OF AN IRANIAN AWACS AT THIS TIME.

4. IN PARAGRAPH 2 OF REFERENCED MESSAGE, YOU SUGGESTED

THAT WASHINGTON CONSIDER ISSUING A STATEMENT OR CORREC-
TION. ALTHOUGH IT IS NOT DOD POLICY TO ISSUE STATEMENTS
OR CORRECTIONS EVERY TIME THE PRESS MAKES CONTROVERSIAL
REMARKS ABOUT OUR DEFENSE PROGRAMS OR GOALS IN NATO, WE
ARE CONSIDERING WAYS IN WHICH THESE AWACS COST ISSUES
MIGHT BE PRESENTED ACCURATELY.

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